

AGENDA MEMO

CITY COUNCIL MEETING DATE: DECEMBER 2, 2009

DEPARTMENT: BUSINESS DEVELOPMENT

ITEM DESCRIPTION: Approval for the City of Las Vegas to accept the conveyance of title to parcels in the Las Vegas Enterprise Park back from the Urban Chamber of Commerce and authorize the payment of property taxes, penalties, interest and fees

1. On March 17, 2004, Council approved a Disposition and Development Agreement between (DDA) the City and Urban Chamber of Commerce (UCC) for the disposition of a site in the Las Vegas Enterprise Park (Parcels) to develop a multi-use incubator and business services center (Project).
2. On July 1, 2005, UCC met all of the conditions precedent to the closing of escrow and the Parcels were conveyed by the City to UCC. Under terms of the DDA, UCC provided the City with a Promissory Note for \$850,000 secured by a Deed of Trust on the Parcels. In the event that UCC was unable to complete the Project the City could recapture title to the Parcels through provisions in the Deed of Trust.
3. On September 19, 2007, Council approved the Amended and Restated Disposition and Development Agreement to extend the Commencement of Construction deadline for the Project and allow UCC time to secure additional funds needed to construct the Project.
4. On June 1, 2009, the final deadline for the Commencement of Construction passed and UCC had not commenced construction of the Project due to a \$1.4 million shortfall in the amount of funds needed to construct the Project.
5. On July 1, 2009, the City provided UCC with a Notice of Failure to Commence Construction (NOF) giving UCC a 90 period to cure the NOF before the City could institute legal action to recapture title to the Parcels.
6. On September 24, 2009, as a gesture of good will, UCC notified the City that it would voluntarily return title to the Parcels to the City thereby sparing both parties legal costs and saving time.
7. Upon moving forward with steps necessary to convey title to the Parcels back to the City, it was discovered that there were outstanding property taxes, penalties, interest and fees due to Clark County for the Parcels.
8. As a non-profit corporation, UCC believed that its tax exempt status would also apply to the Parcels. Believing that the Parcels were tax exempt, UCC never allocated funds to pay property taxes and does not have the funds available to pay the property taxes, penalties, interest and fees now due to Clark County for the Parcels.

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9. In addition, after meeting with representatives of both the Clark County Treasurer and Assessor, UCC has verified that despite being a non-profit corporation it does not qualify for a property tax exemption under Nevada Revised Statutes: Chapter 361.

10. In order for the City to receive clear title to the Parcels, the property taxes, penalties, interest and fees due to Clark County for the Parcels must be paid before the conveyance of title.

11. Accordingly, it is necessary for the City to pay the the property taxes, penalties, interest and fees due to Clark County for the Parcels in order to receive the conveyance of clear title.